

LAW OFFICES OF
LOUIS E. GITOMER, LLC.

LOUIS E. GITOMER
Lou@lgraillaw.com

MELANIE B. YASBIN
Melanie@lgraillaw.com
410-296-2225

July 14, 2011

600 BALTIMORE AVENUE, SUITE 301
TOWSON, MARYLAND 21204-4022
(410) 296-2250 • (202) 466-6532
FAX (410) 332-0885

Ms Cynthia T. Brown
Chief of the Section of Administration, Office of Proceedings
Surface Transportation Board
395 E Street, S W
Washington, D. C 20423

RECORDATION NO. 27990 - ^AFILED

JUL 14 '11 -12 21 PM

SURFACE TRANSPORTATION BOARD

Dear Ms Brown.

I have enclosed for e-filing the document described below, to be recorded pursuant to 49 U.S.C. § 11301.

The document is a First Amendment to Memorandum of Security Agreement, a secondary document, dated as of June 30, 2011. The primary document to which this is connected is recorded under Recordation No. 27990. We request that this document be recorded under Recordation No. 27990-A.

The names and addresses of the parties to the First Amendment to Memorandum of Security Agreement are.

Collateral Agent:

U.S. Bank National Association
60 Livingston Avenue
EP-MN-WS3C
St. Paul, MN 55107-2292

Borrowers.

RailAmerica, Inc.
Palm Beach Rail Holding, Inc.
RailAmerica Transportation Corp
A & R Line, Inc.
Alabama & Gulf Coast Railway L.L.C.
Arizona & California Railroad Company
Bauxite & Northern Railway Company
California Northern Railroad Company
Cascade and Columbia River Railroad Company
Central Oregon & Pacific Railroad, Inc.
The Central Railroad Company of Indiana
Central Railroad Company of Indianapolis

Ms Cynthia T. Brown

July 14, 2011

Page 2

Connecticut Southern Railroad, Inc.
Dallas, Garland & Northeastern Railroad, Inc.
Eastern Alabama Railway, Inc.
Huron & Eastern Railway Company, Inc.
Indiana & Ohio Rail Corp.
Indiana & Ohio Railway Company
Indiana Southern Railroad, Inc.
Kiamichi Railroad Company L.L.C.
Kyle Railroad Company
Kyle Railways, LLC
The Massena Terminal Railroad Company
Mid-Michigan Railroad, Inc.
Missouri & Northern Arkansas Railroad Company, Inc.
New England Central Railroad, Inc.
New StatesRail Holdings, LLC
North Carolina & Virginia Railroad Company, LLC
Otter Tail Valley Railroad Company, Inc.
Point Comfort and Northern Railway Company
Puget Sound & Pacific Railroad Company
RailAmerica Contract Switching Services, Inc.
RailAmerica Equipment Corp.
RailAmerica Intermodal Services, Inc.
RailAmerica Operations Shared Services, Inc.
RailAmerica Operations Support Group, Inc.
RailTex, Inc
Rockdale, Sandow & Southern Railroad Company
San Diego & Imperial Valley Railroad Company, Inc.
San Joaquin Valley Railroad Company
San Pedro Trails, Inc.
South Carolina Central Railroad Company, Inc.
South East Rail, Inc.
StatesRail II Railroad LLC
StatesRail, LLC
Toledo, Peoria & Western Railway Corporation
Ventura County Railroad Company
Conecuh Valley Railway, LLC
Three Notch Railway, LLC
Wiregrass Central Railway, LLC
7411 Fullerton Street, Suite 300
Jacksonville, FL 32256

Ms. Cynthia T. Brown
July 14, 2011
Page 3

A description of the equipment covered by the First Amendment to Memorandum of Security Agreement consists of all locomotives, railcars and other rolling stock whether now owned or hereafter acquired, including, but not limited to, four GP40-2W locomotives numbered KLWX 9552, KXHR 9580 and WGCR 9519 and 9554; two GP40 locomotives numbered KXHR 9707 and WGCR 9702; four GP38 locomotives numbered COEH 3615 and 3616 and THNR 2728 and 2821; and forty-three (43) covered hopper cars numbered NCYR 3, 16, 35, 37, 50, 52, 66, 68, 75, 76, 77, 78, 79, 80, 81, 83, and 84, and LXOH 6, 11, 14, 17, 19, 21, 22, 23, 24, 25, 27, 28, 32, 33, 38, 39, 44, 45, 47, 49, 54, 56, 59, 63, 70, and 71.

A fee of \$41.00 is enclosed. Please return one copy by email to:

Louis E. Gitomer
600 Baltimore Avenue, Suite 301
Towson, MD 21204
Lou_Gitome1@verizon.net

A short summary of the document to appear in the index follows. a First Amendment to Memorandum of Security Agreement between U.S. Bank National Association, 60 Livingston Avenue, EP-MN-WS3C, St. Paul, MN 55107-2292, and RailAmerica, Inc., Palm Beach Rail Holding, Inc., RailAmerica Transportation Corp., A & R Line, Inc., Alabama & Gulf Coast Railway L.L.C., Arizona & California Railroad Company, Bauxite & Northern Railway Company, California Northern Railroad Company, Cascade and Columbia River Railroad Company, Central Oregon & Pacific Railroad, Inc., The Central Railroad Company of Indiana, Central Railroad Company of Indianapolis, Connecticut Southern Railroad, Inc., Dallas, Garland & Northeastern Railroad, Inc., Eastern Alabama Railway, Inc., Huron & Eastern Railway Company, Inc., Indiana & Ohio Rail Corp., Indiana & Ohio Railway Company, Indiana Southern Railroad, Inc., Kiamichi Railroad Company L.L.C., Kyle Railroad Company, Kyle Railways, LLC, The Massena Terminal Railroad Company, Mid-Michigan Railroad, Inc., Missouri & Northern Arkansas Railroad Company, Inc., New England Central Railroad, Inc., New StatesRail Holdings, LLC, North Carolina & Virginia Railroad Company, LLC, Otter Tail Valley Railroad Company, Inc., Point Comfort and Northern Railway Company, Puget Sound & Pacific Railroad Company, RailAmerica Contract Switching Services, Inc., RailAmerica Equipment Corp., RailAmerica Intermodal Services, Inc., RailAmerica Operations Shared Services, Inc., RailAmerica Operations Support Group, Inc., RailTex, Inc., Rockdale, Sandow & Southern Railroad Company, San Diego & Imperial Valley Railroad Company, Inc., San Joaquin Valley Railroad Company, San Pedro Trails, Inc., South Carolina Central Railroad Company, Inc., South East Rail, Inc., StatesRail II Railroad LLC, StatesRail, LLC, Toledo, Peoria & Western Railway Corporation, Ventura County Railroad Company, Conecuh Valley Railway, LLC, Three

Ms. Cynthia T. Brown
July 14, 2011
Page 4

Notch Railway, LLC, and Wiregrass Central Railway, LLC, 7411 Fullerton Street Suite 300, Jacksonville, FL 32256, covering all locomotives, railcars and other rolling stock whether now owned or hereafter acquired, including, but not limited to, four GP40-2W locomotives numbered KLWX 9552, KXHR 9580 and WGCR 9519 and 9554; two GP40 locomotives numbered KXHR 9707 and WGCR 9702; four GP38 locomotives numbered COEH 3615 and 3616 and THNR 2728 and 2821; and forty-three (43) covered hopper cars numbered NCYR 3, 16, 35, 37, 50, 52, 66, 68, 75, 76, 77, 78, 79, 80, 81, 83, and 84, and LXOH 6, 11, 14, 17, 19, 21, 22, 23, 24, 25, 27, 28, 32, 33, 38, 39, 44, 45, 47, 49, 54, 56, 59, 63, 70, and 71

Very Truly Yours,


Louis E. Gitomer

Enclosure

JUL 14 '11 -12 21 PM

SURFACE TRANSPORTATION BOARD

FIRST AMENDMENT TO MEMORANDUM OF SECURITY AGREEMENT

This First Amendment to Memorandum of Security Agreement is made and entered into as of June 30, 2011 by and among RailAmerica, Inc., a Delaware corporation (the "Company"), Palm Beach Rail Holding, Inc., RailAmerica Transportation Corp., A. & R. Line, Inc., Alabama & Gulf Coast Railway L.L.C., Arizona & California Railroad Company, Bauxite & Northern Railway Company, California Northern Railroad Company, Cascade and Columbia River Railroad Company, Central Oregon & Pacific Railroad, Inc., The Central Railroad Company of Indiana, Central Railroad Company of Indianapolis, Connecticut Southern Railroad, Inc., Dallas, Garland & Northeastern Railroad, Inc., Eastern Alabama Railway, LLC (f/k/a Eastern Alabama Railway, Inc.), Huon & Eastern Railway Company, Inc., Indiana & Ohio Rail Corp., Indiana & Ohio Railway Company, Indiana Southern Railroad, LLC (f/k/a Indiana Southern Railroad, Inc.), Kiamichi Railroad Company L.L.C., Kyle Railroad Company, Kyle Railways, LLC (f/k/a formerly known Kyle Railways, Inc.), The Massena Terminal Railroad Company, Mid-Michigan Railroad, Inc., Missouri & Northern Arkansas Railroad Company, Inc., New England Central Railroad, Inc., New StatesRail Holdings, LLC (f/k/a New StatesRail Holdings, Inc.), North Carolina & Virginia Railroad Company, LLC (f/k/a North Carolina & Virginia Railroad Company, Inc.), Otter Tail Valley Railroad Company, Inc., Point Comfort and Northern Railway Company, Puget Sound & Pacific Railroad Company, RailAmerica Contract Switching Services, Inc., RailAmerica Equipment Corp., RailAmerica Intermodal Services, Inc., RailAmerica Operations Shared Services, Inc., RailAmerica Operations Support Group, Inc., RailTex, Inc., Rockdale, Sandow & Southern Railroad Company, San Diego & Imperial Valley Railroad Company, Inc., San Joaquin Valley Railroad Company, San Pedro Trails, Inc., South Carolina Central Railroad Company, LLC (f/k/a South Carolina Central Railroad Company, Inc.), South

East Rail, Inc., StatesRail II Railroad LLC (f/k/a StatesRail II Railroad Corp.), StatesRail, LLC (f/k/a known as StatesRail, Inc.), Toledo, Peoria & Western Railway Corporation and Ventura County Railroad Company (each individually a "Domestic Subsidiary Grantor"), Conecuh Valley Railway, L.L.C., Three Notch Railway, L.L.C., and Wiregrass Central Railway, L.L.C. (each individually a "New Domestic Subsidiary Grantor," collectively the "New Domestic Subsidiary Grantors" and together with each Domestic Subsidiary Grantor, collectively the "Domestic Subsidiary Grantors") and U.S. Bank National Association, as collateral agent (in such capacity, the "Collateral Agent"), pursuant to that certain Security Agreement (the "Security Agreement"), dated as of June 23, 2009, among the Company, each Domestic Subsidiary Grantor and the Collateral Agent to secure, *inter alia*, certain rail equipment.

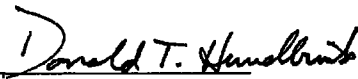
The Company and each Domestic Subsidiary Grantor granted the Collateral Agent a first priority security interest in all locomotives, railcars and other rolling stock of the Company and each Domestic Subsidiary Grantor, whether now owned or hereafter acquired, as evidenced by that certain Memorandum of Security Agreement, dated as of June 23, 2009, which was recorded at the Surface Transportation Board on June 23, 2009 at 2:10 pm under Recordation No. 27990.

The Company acquired control of the New Domestic Subsidiary Grantors on May 11, 2011. Pursuant to the Security Agreement, the Company has caused the New Domestic Subsidiary Grantors to become parties to the Security Agreement. The New Domestic Subsidiary Grantors hereby grant the Collateral Agent a first priority security interest in all locomotives, railcars and other rolling stock of the New Domestic Subsidiary Grantors whether now owned or hereafter acquired, a current list of which is attached hereto as Attachment 1, effective as of the date first above written and subject to the terms of the Security Agreement.

IN WITNESS WHEREOF, each of the parties hereto, pursuant to due corporate authority, has caused this First Amendment to Memorandum of Security Agreement to be duly executed in its corporate name by its officers, thereunto duly authorized, all as of the date first above written

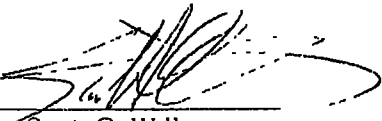
COLLATERAL AGENT

U.S. BANK NATIONAL ASSOCIATION as Collateral Agent

By 
Name Donald T. Hurrelbrink
Title Vice President

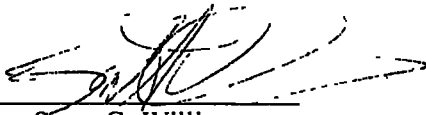
COMPANY

RAILAMERICA, INC.


By 
Name: Scott G. Williams
Title Senior Vice President, General Counsel and Secretary

DOMESTIC SUBSIDIARY GRANTORS

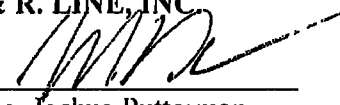
PALM BEACH RAIL HOLDING, INC.

By 
Name: Scott G. Williams
Title: President


RAILAMERICA TRANSPORTATION CORP.

By 
Name: Joshua Putterman
Title: Vice President


A. & R. LINE, INC.

By 
Name: Joshua Putterman
Title: Vice President


ALABAMA & GULF COAST RAILWAY L.L.C.

By 
Name: Joshua Putterman
Title: Vice President


ARIZONA & CALIFORNIA RAILROAD COMPANY

By 
Name: Joshua Putterman
Title: Vice President

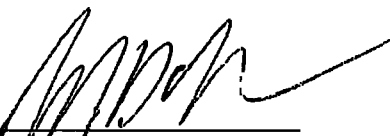
BAUXITE & NORTHERN RAILWAY COMPANY

By: 
Name: Joshua Putterman
Title: Vice President


CALIFORNIA NORTHERN RAILROAD COMPANY

By: 
Name: Joshua Putterman
Title: Vice President

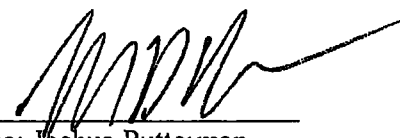
CASCADE AND COLUMBIA RIVER RAILROAD COMPANY

By: 
Name: Joshua Putterman
Title: Vice President


CENTRAL OREGON & PACIFIC RAILROAD, INC.

By: 
Name: Joshua Putterman
Title: Vice President

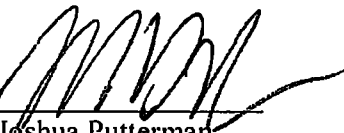
THE CENTRAL RAILROAD COMPANY OF INDIANA

By: 
Name: Joshua Putterman
Title: Vice President

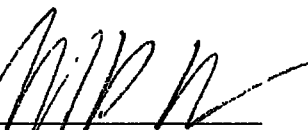
CENTRAL RAILROAD COMPANY OF INDIANAPOLIS

By: 
Name: Joshua Putterman
Title Vice President


CONNECTICUT SOUTHERN RAILROAD, INC.

By: 
Name: Joshua Putterman
Title Vice President


DALLAS, GARLAND & NORTHEASTERN RAILROAD, INC.

By: 
Name: Joshua Putterman
Title Vice President


EASTERN ALABAMA RAILWAY, LLC

By: 
Name: Joshua Putterman
Title Vice President

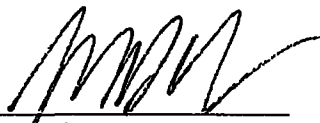
HURON & EASTERN RAILWAY COMPANY, INC.

By: 
Name: Joshua Putterman
Title Vice President

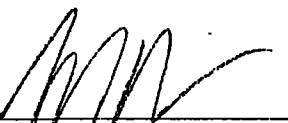
INDIANA & OHIO RAIL CORP.

By 
Name Joshua Putterman
Title Vice President

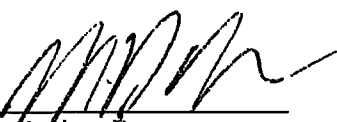
INDIANA & OHIO RAILWAY COMPANY

By 
Name Joshua Putterman
Title Vice President


INDIANA SOUTHERN RAILROAD, LLC

By 
Name Joshua Putterman
Title Vice President

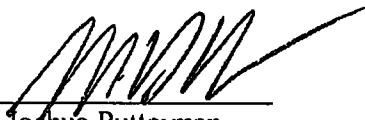
KIAMICHI RAILROAD COMPANY L.L.C.

By 
Name Joshua Putterman
Title Vice President

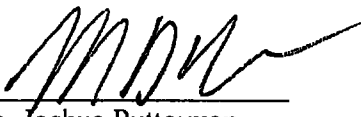
KYLE RAILROAD COMPANY

By 
Name Joshua Putterman
Title Vice President


KYLE RAILWAYS, LLC

By: 
Name: Joshua Puttner
Title: Vice President


THE MASSENA TERMINAL RAILROAD COMPANY

By: 
Name: Joshua Puttner
Title: Vice President


MID-MICHIGAN RAILROAD, INC.

By: 
Name: Joshua Puttner
Title: Vice President

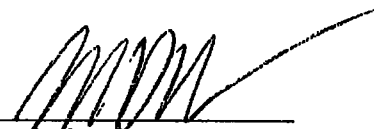
MISSOURI & NORTHERN ARKANSAS RAILROAD COMPANY, INC.

By: 
Name: Joshua Puttner
Title: Vice President

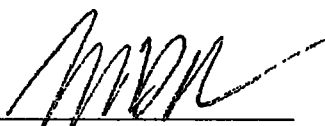
NEW ENGLAND CENTRAL RAILROAD, INC.

By: 
Name: Joshua Puttner
Title: Vice President

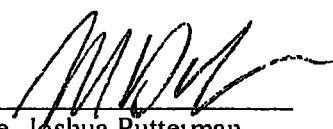
NEW STATESRAIL HOLDINGS, LLC

By: 
Name: Joshua Putteiman
Title: Vice President

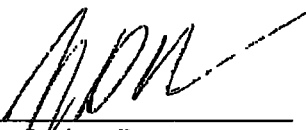
NORTH CAROLINA & VIRGINIA RAILROAD COMPANY, LLC

By: 
Name: Joshua Putteiman
Title: Vice President

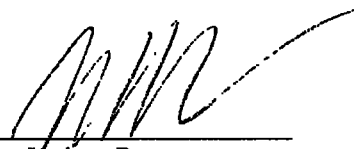
OTTER TAIL VALLEY RAILROAD COMPANY, INC.

By: 
Name: Joshua Putteiman
Title: Vice President

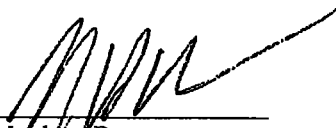
POINT COMFORT AND NORTHERN RAILWAY COMPANY

By: 
Name: Joshua Putteiman
Title: Vice President

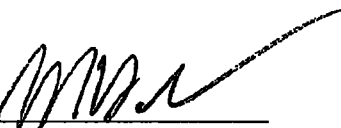
PUGET SOUND & PACIFIC RAILROAD COMPANY

By: 
Name: Joshua Putteiman
Title: Vice President

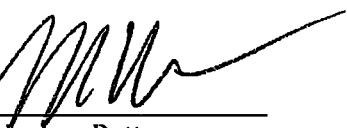
RAILAMERICA CONTRACT SWITCHING SERVICES, INC.

By 
Name: Joshua Putterman
Title: Vice President


RAILAMERICA EQUIPMENT CORP.

By 
Name: Joshua Putterman
Title: Vice President

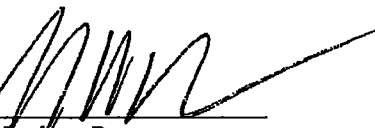
RAILAMERICA INTERMODAL SERVICES, INC.

By: 
Name: Joshua Putterman
Title: Vice President


RAILAMERICA OPERATIONS SHARED SERVICES, INC.

By 
Name: Joshua Putterman
Title: Vice President


RAILAMERICA OPERATIONS SUPPORT GROUP, INC.

By 
Name: Joshua Putterman
Title: Vice President


RAILTEX, INC.

By: 
Name: Joshua Putterman
Title: Vice President

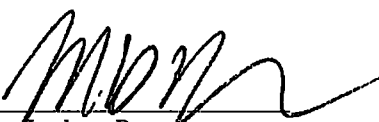
ROCKDALE, SANDOW & SOUTHERN RAILROAD COMPANY

By: 
Name: Joshua Putterman
Title: Vice President

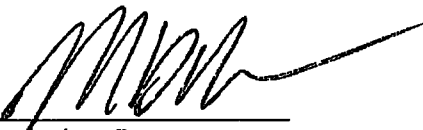
SAN DIEGO & IMPERIAL VALLEY RAILROAD COMPANY, INC.

By: 
Name: Joshua Putterman
Title: Vice President

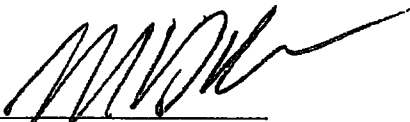
SAN JOAQUIN VALLEY RAILROAD COMPANY

By: 
Name: Joshua Putterman
Title: Vice President


SAN PEDRO TRAILS, INC.

By: 
Name: Joshua Putterman
Title: Vice President


SOUTH CAROLINA CENTRAL RAILROAD COMPANY, LLC

By: 
Name: Joshua Putterman
Title: Vice President


SOUTH EAST RAIL, INC.

By: 
Name: Joshua Putterman
Title: Vice President


STATESRAIL II RAILROAD LLC

By: 
Name: Joshua Putterman
Title: Vice President


STATESRAIL, LLC

By: 
Name: Joshua Putterman
Title: Vice President

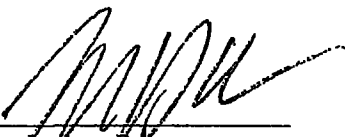
TOLEDO, PEORIA & WESTERN RAILWAY CORPORATION

By: 
Name: Joshua Putterman
Title: Vice President


VENTURA COUNTY RAILROAD COMPANY

By: 
Name: Joshua Putterman
Title: Vice President

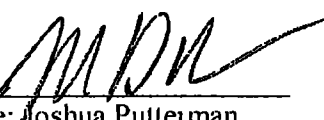
CONECUH VALLEY RAILWAY, LLC

By: 
Name: Joshua Putterman
Title: Vice President

THREE NOTCH RAILWAY, LLC

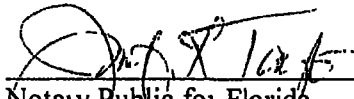
By: 
Name: Joshua Putterman
Title: Vice President

WIREGRASS CENTRAL RAILWAY, LLC

By: 
Name: Joshua Putterman
Title: Vice President

STATE OF FLORIDA)
)
COUNTY OF DUVAL) SS:

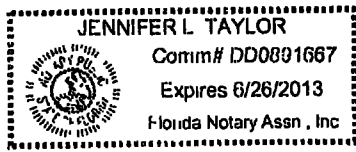
On this 20 day of June, 2011, before me personally appeared Scott G. Williams, to me personally known, who being duly sworn, stated that he is the Senior Vice President, General Counsel and Secretary of RailAmerica, Inc., and President of Palm Beach Rail Holding, Inc., and that the instrument was signed on behalf of the said corporation by authority of its board of directors, and he acknowledged that the execution of said instrument to be its voluntary act and deed. Before me:



Notary Public for Florida
My Commission expires: 6/26/2013

JENNIFER L. TAYLOR

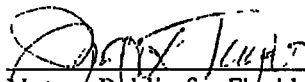
SEAL



STATE OF FLORIDA)
)
COUNTY OF DUVAL) SS:

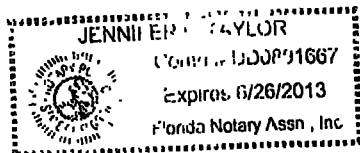
On this 30 day of June, 2011, before me personally appeared Joshua Putterman,, to me personally known, who being duly sworn, stated that he is the Vice President, RailAmerica Transportation Corp., Alabama & Gulf Coast Railway L.L.C., Arizona & California Railroad Company, Bauxite & Northern Railway Company, California Northern Railroad Company, Cascade and Columbia River Railroad Company, Central Oregon & Pacific Railroad, Inc., The Central Railroad Company of Indiana, Central Railroad Company of Indianapolis, Connecticut Southern Railroad, Inc , Dallas, Garland & Northeastern Railroad, Inc , Eastern Alabama Railway, Inc , Huron & Eastern Railway Company, Inc., Indiana & Ohio Rail Corp., Indiana & Ohio Railway Company, Indiana Southern Railroad, Inc., Kiamichi Railroad Company L.L.C., Kyle Railroad Company, Kyle Railways, Inc , The Massena Terminal Railroad Company, Mid-Michigan Railroad, Inc., Missouri & Northern Arkansas Railroad Company, Inc., New England Central Railroad, Inc , New StatesRail Holdings, Inc , North Carolina & Virginia Railroad Company, Inc , Otter Tail Valley Railroad Company, Inc., Point Comfort and Northern Railway Company, Puget Sound & Pacific Railroad Company, RailAmerica Contract Switching Services, Inc , RailAmerica Equipment Corp., RailAmerica Intermodal Services, Inc., RailAmerica Operations Shared Services, Inc., RailAmerica Operations Support Group, Inc., RailTex, Inc., Rockdale, Sandow & Southern Railroad Company, San Diego & Imperial Valley Railroad Company, Inc., San Joaquin Valley Railroad Company, San Pedro Trails, Inc., South Carolina Central Railroad Company, Inc , South East Rail, Inc., StatesRail II Railroad Corp., StatesRail, Inc , Toledo, Peoria & Western Railway Corporation, Ventura County Railroad Company, Conecuh Valley Railway, LLC, Three Notch Railway, LLC, and Wiregrass Central Railway, LLC, and that the instrument was signed on behalf of the said corporation or said limited liability company by authority of its board of directors, and he acknowledged that the execution of said instrument to be its voluntary act and deed. Before me:

And Jennifer L. Taylor, Notary Public for Florida


Notary Public for Florida
My Commission expires 6/26/2013

JENNIFER L. TAYLOR


SEAL



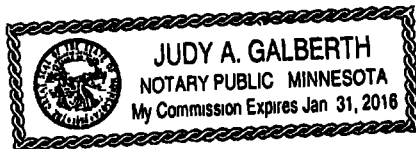
STATE OF MINNESOTA)
)
COUNTY OF RAMSEY)

SS:

On this 30th day of June, 2011, before me personally appeared Donald T. Hurrelbrink
to me personally known, who being duly sworn, stated that he is the Vice President
of U S Bank National Association, and that the instrument was signed on behalf of the said
corporation by authority of its board of directors, and he acknowledged that the execution of said
instrument to be its voluntary act and deed. Before me:


Notary Public
My Commission expires: JAN 31 2016

SEAL



ATTACHMENT 1 (RAIL EQUIPMENT)

Four GP40-2W locomotives numbered KLWX 9552, KXHR 9580 and WGCR 9519 and 9554

Two GP40 locomotives numbered KXIIR 9707 and WGCR 9702.

Four GP38 locomotives numbered COEH 3615 and 3616 and THNR 2728 and 2821.

Forty-three (43) covered hopper cars numbered NCYR 3, 16, 35, 37, 50, 52, 66, 68, 75, 76, 77, 78, 79, 80, 81, 83, and 84; and LXOH 6, 11, 14, 17, 19, 21, 22, 23, 24, 25, 27, 28, 32, 33, 38, 39, 44, 45, 47, 49, 54, 56, 59, 63, 70, and 71.